

BENEFICIARY IDENTIFICATION MECHANISM FOR SOCIAL PROGRAMS

(EC-0195)

EXECUTIVE SUMMARY

Borrower:	Republic of Ecuador	
Requestor:	Ministry of Economic Affairs and Finance	
Executing agency:	Ministry of Social Welfare	
Amount and source:	IDB (OC):	US\$4,500,000
	Local:	US\$ 500,000
	Total:	US\$5,000,000
Financial conditions:	Amortization period:	25 years
	Grace period:	3 years
	Disbursement:	2.5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	U.S. dollars under the Single Currency Facility
Terms:	Execution period	24 months
	Disbursement period	30 months
Objectives:	<p>The objective of the project is to support the Ecuadorian government in establishing a mechanism for individually identifying social program beneficiaries to enable current and future social programs to better target families living in poverty and indigence.</p>	

A mechanism of this kind will allow other objectives to be accomplished, such as: (i) updating the socioeconomic profile of the poorest families that require government aid; (ii) providing institutions that carry out social programs with indispensable information for programming their actions; (iii) making it possible to perform a multidimensional analysis of poverty that supplements the income factor with considerations of human capital, access to basic services and family structure; and (iv) facilitating interagency coordination to improve the impact of social spending by eliminating

duplication and facilitating control of the entities that carry out social programs.

Description:

This technical-cooperation project will finance the work needed to establish a database of about 1.6 million families living in poverty in urban and rural areas, organized by the extent of their needs. The work will be performed in two stages and each of them includes four components: (i) administration; (ii) publicity and communications; (iii) data collection; and (iv) monitoring and evaluation.

The administration component will finance the procurement of technical equipment and computers, as well as the staff necessary to execute the project over the two and a half years it is expected to last. The executing unit will have two levels of technical responsibility: (i) a central operating team and (ii) provincial operating teams responsible for supervising the field work.

The promotion and communications component will finance publicity and information campaigns in each locality prior to gathering the information. This activity is highly important, considering that the surveys will be conducted in a time of crisis, when the public is reluctant to participate in them unless it has clear and reliable information on their objectives.

The data collection component will finance gathering information in approximately 1.6 million households, 640,000 in urban areas and 960,000 in rural ones. In urban areas, the information will be obtained through visits to households in all selected parishes or barrios. In rural areas, the information will be gathered in priority parishes by calling the families to come in for interviews. This will allow the work to be done more quickly and cheaply and will permit participation by the community itself since the interviews will be held in community centers, schools and similar places.

Because of the nature of the operation and the social context in the country, the design includes close monitoring and evaluation of each of the stages in order to obtain information that can be used to make whatever adjustments are necessary to ensure that the project objectives are accomplished.

Once the project has been executed and evaluated, the country will have a database containing the social profile of all families requiring some type of development assistance. The use of this tool will make it possible to effectively target various projects and actions the objective of which is to deliver this type of assistance, thereby optimizing the use of the resources that the country allocates for this purpose.

Benefits: The beneficiary identification mechanism will provide the country with a technical tool based on objective variables and uniform and transparent criteria for selecting the beneficiaries of social spending. The mechanism will be highly useful for planning and carrying out different programs intended to benefit the very poor, and may be used by public or private entities. The mechanism will improve the targeting of government programs that distribute subsidies, vouchers or grants, which have recently become important in the country as a strategy for alleviating the income losses of the very poor and as an alternative to traditional social programs involving supply-based subsidies.

With the social program beneficiary identification mechanism, it will also be possible to achieve greater equity and efficiency in use of the scant resources available for the social sector. Greater equity will be achieved by using transparent instruments for channeling the bulk of public social spending to the neediest families. Greater efficiency will be obtained by using the mechanism to optimize subsidy transfers and target services, freeing up funds that can be redirected into other social actions.

Risks: The country's political and social situation may pose risks for this operation. During the field work stage in particular, certain communities may be reluctant to provide the information required. The promotion and communications component has been designed to mitigate this risk by informing the public about the benefits of the new instrument.

Another risk relates to the traditional weaknesses in execution exhibited by social agencies in Ecuador. To cope with this situation, the project executing unit will receive technical assistance from the National Modernization Council (CONAM), Ecuador's Integrated System of Social Indicators (SIISE) and the Ministry of Economic Affairs and Finance. CONAM participated in the initial stages of designing the mechanism and has a qualified technical team with experience in managing the database for the solidarity voucher mechanism. SIISE has been acting as technical support in all aspects of social sector information.

Special contractual clauses: None

Exceptions to Bank policy: None